

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2012

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Baton Rouge Primary Care Collaborative, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Baton Rouge Primary Care Collaborative, Inc. (a non-profit organization), as of June 30, 2012, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Primary Care Collaborative, Inc. as of June 30, 2012 and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2013, on our consideration of Baton Rouge Primary Care Collaborative, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Daigrepont & Brian APAC

Baton Rouge, Louisiana
January 11, 2013

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012

	<u>2012</u>
<u>Assets</u>	
Current Assets	
Cash	\$ 155,202
Receivables, net:	
Patients	<u>82,565</u>
Total Current Assets	237,767
Property and equipment (net)	<u>394,191</u>
Total Assets	<u>\$ 631,958</u>
<u>Liabilities</u>	
Current liabilities	
Accounts payable	\$ 15,765
Accrued payroll	26,283
Grant advances	<u>62,335</u>
Total current liabilities	104,383
Net Assets	
Unrestricted	<u>527,575</u>
Total Liabilities and Net Assets	<u>\$ 631,958</u>

See accompanying notes and auditors' report.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>2012</u>
<u>Revenues</u>	
Grants	1,200,338
Patient revenues, net	474,407
Interest income	586
Donations	14,533
Other income	76,102
Total Revenues	<u>\$ 1,765,966</u>
<u>Expenses</u>	
Clinical Services	792,795
Management and general	623,842
Total expenses	<u>1,416,637</u>
Change in net assets	349,329
Net Assets – beginning of year	<u>178,246</u>
Net Assets – end of year	<u>\$ 527,575</u>

See accompanying notes and auditors' report.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Clinical Services</u>	<u>General and Administrative</u>	<u>Total</u>
EXPENSES			
Advertising	\$ 9,434	\$ 3,511	\$ 12,945
Computer maintenance	-	36,555	36,555
Depreciation	16,299	65,812	82,111
Dues and subscriptions	-	8,329	8,329
Insurance	46,259	2,936	49,195
Janitorial services	16,876	-	16,876
Medical supplies and services	81,189	-	81,189
Office	1,446	31,188	32,634
Other	-	649	649
Payroll taxes	36,581	14,942	51,523
Professional services	120,233	212,971	333,204
Rental	32,696	10,310	43,006
Repairs and maintenance	3,906	1,785	5,691
Salaries and wages	425,236	172,355	597,591
Telephone and online services	-	45,072	45,072
Training and recruiting	1,190	7,246	8,436
Travel	359	10,181	10,540
Utilities	1,091	-	1,091
	<u>\$ 792,795</u>	<u>\$ 623,842</u>	<u>\$ 1,416,637</u>

See accompanying notes and auditors' report.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012

	<u>2012</u>
<u>Cash Flows from Operating Activities</u>	
Increase in net assets	\$ 349,329
Adjustments for non-cash items:	
Depreciation	82,111
Allowance for doubtful accounts	(85,864)
Change in operating assets and liabilities:	
Decrease in accounts receivables	20,518
Decrease in accounts payable	(100,153)
Decrease in accrued liabilities	<u>(86,343)</u>
Net cash provided by operating activities	179,598
<u>Cash Flows from Investing Activities</u>	
Purchase of property and equipment	<u>(115,063)</u>
Net used by investing activities	(115,063)
Increase in cash	64,535
Cash at beginning of year	<u>90,667</u>
Cash at end of year	<u>\$ 155,202</u>

See accompanying notes and auditors' report.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

The Baton Rouge Primary Care Collaborative, Inc. (BRPCC) is a non-profit corporation that operates a federally qualified community health center in north Baton Rouge and a homeless center in the mid city area. The purpose of BRPCC is to increase the availability of high quality health care services for the under-served population of East Baton Rouge Parish and the surrounding areas.

Basis of presentation

The financial statements of BRPCC have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates are accounting for the depreciation allowance and the allowance for doubtful accounts.

Revenue recognition

BRPCC receives the majority of its revenues from the Health Resources and Services Administration of the U.S. Department of Health and Human Services. Contract revenue is recognized (up to the contract ceiling) over the contract life to the extent expenses are incurred. The funding agency may, at its discretion, request reimbursement for expenses or return of funds as a result of non-compliance with the terms of the grant contract.

Net patient service revenue is reported at the net realizable amounts for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. The estimated retroactive adjustments are accrued in the period related to the services rendered and adjusted in future periods when final settlements are determined.

Under the terms of the contract with the Health Resources and Services Administration BRPCC has a sliding fee payment plan for self pay patients whose income levels fall within certain federal poverty guideline levels.

Cash and cash equivalents

BRPCC considers all highly liquid investments with an initial maturity of three months or less, to be cash equivalents. There were no cash equivalents as of June 30, 2012.

Accounts receivable and allowance for doubtful account

Accounts receivable represents amounts billed for services provided that have not yet been collected. BRPCC provides an allowance for doubtful accounts based upon a review of outstanding receivables and the age of the accounts. Accounts receivable considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. BRPCC does not require collateral for its receivables. At June 30, 2012 the allowance for doubtful accounts is approximately \$187,000.

Advertising

BRPCC records its advertising costs as expenses when incurred. Total advertising costs were \$12,945 for the year ended June 30, 2012.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

BRPCC is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

BRPCC accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits. BRPCC's open audit periods are 2009 through 2012.

Net assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, BRPCC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets: Unrestricted net assets are for general use with no restrictions.

Temporarily Restricted Net Assets: Temporarily restricted net assets can be expended currently, but only for a specified purpose designated by the grantor. BRPCC did not have any temporarily restricted net assets at June 30, 2012.

Permanently Restricted Net Assets: Net assets permanently restricted for future use by the grantor or the board of directors. BRPCC did not have any permanently restricted net assets at June 30, 2012.

Functional Expenses

BRPCC allocates its expenses on a functional basis between management and general or program service. Expenses that can be identified with program service are allocated directly according to their natural expense classification:

Subsequent Events

In preparing these financial statements BRPCC has evaluated events and transactions for potential recognition or disclosure through January 11, 2013, the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS

Concentrations of revenue for BRPCC for the year ended June 30, 2012 is as follows:

Health Resources and Services Administration grant	56%
State grants	12%
Net patient revenue	27%

All receivables at June 30, 2012 are from patient service fees.

BRPCC maintains cash in local banks, which from time to time may exceed FDIC insurable limits. Management does not believe that there is any significant credit risk on any uninsured amounts.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment is presented in the financial statements on the basis of cost less allowances for depreciation. Depreciation is computed using the straight line method and is provided over the estimated useful lives of the assets which is generally three to ten years.

Additions or betterments that extend the useful life of assets are capitalized as property and equipment. General maintenance and repair expenditures that do not extend the useful life are expensed as incurred. The capitalization threshold is \$2,500.

The following is a summary of property and equipment at June 30, 2012:

	<u>Service Lives</u>	<u>2012</u>
Leasehold improvements	10 years	\$ 191,911
Computers and software	3-5 years	127,471
Furniture and fixtures	7 years	37,234
Office equipment	7 years	120,851
Medical equipment	5 years	<u>104,376</u>
		581,843
Less accumulated depreciation		<u>(187,652)</u>
Total property and equipment, net		<u>\$ 394,191</u>

Depreciation expense for the year ended June 30, 2012 was \$82,110.

NOTE 4 – CONTINGENCIES

BRPCC is involved in various claims and legal actions that arise in the normal course of business. These cases are either covered by insurance or other defenses; however, the ultimate effect of such litigation cannot be ascertained at this time. Additionally, BRPCC's medical malpractice insurance is covered by the Federal Tort Claims Act.

In February of 2012 the Health Resources and Services Administration of the U.S. Department of Health and Human Services performed a site visit which included an audit of 16 compliance areas related to its grant with BRPCC. The audit revealed 15 areas of noncompliance related to services, management and finance, and governance. The Health Resources and Services Administration requested that BRPCC prepare a plan of corrective action that addresses each of the findings, the corrective action to be taken, and the date by which BRPCC expects to be back in compliance. BRPCC has prepared a plan of corrective action which was approved by the Health Resources and Services Administration and is currently working toward compliance in the 16 areas noted during the site visit. The Health Resources and Services Administration could potentially cancel the grant or request reimbursement of grant funds if BRPCC does not follow the terms of the agreed upon plan of corrective action. It is the opinion of management that the terms of the plan of corrective action are being met by the appropriate deadlines.

NOTE 5 – COMPENSATED ABSENCES

Compensated absences are earned based on job description and length of service. A maximum of two weeks paid time off may be carried over to the following year. At June 30, 2012, approximately \$15,000 has been accrued for compensated absences.

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 – OPERATING LEASES

BRPCC has entered into a ten year lease with the City of Baton Rouge/Parish of East Baton Rouge to provide clinic and office space at the Jewel Newman Community Center . Rental payments, which began in August 2011, are \$1,500 per month for the life of the lease. Total rental expense for the year ended June 30, 2012 was \$43,006

Future lease payments are as follows:

Year ended June 30, 2013	\$ 18,000
Year ended June 30, 2014	18,000
Year ended June 30, 2015	18,000
Year ended June 30, 2016	18,000
Year ended June 30, 2017	18,000
Thereafter	72,810

**BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Grantor/ Program name/ Location of Project</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services direct programs:		
Health Resources and Services Administration		
Health Care for the Homeless and Consolidated Health Centers	93.224	\$ 783,017
ARRA – Capital Improvement Program	93.703	<u>214,025</u>
Total U.S. Department of Health and Human Services		<u>997,042</u>
Total expenditures of federal awards		<u>\$ 997,042</u>

See accompanying notes and auditors' report

BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Baton Rouge Primary Care Collaborative, Inc. (BRPCC) under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of BRPCC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BRPCC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Baton Rouge Primary Care Collaborative, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Baton Rouge Primary Care Collaborative, Inc., (a non-profit organization) as of June 30, 2012 and for the year then ended, and have issued our report thereon dated January 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Baton Rouge Primary Care Collaborative, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Baton Rouge Primary Care Collaborative, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge Primary Care Collaborative, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. These instances are reported as findings 2012-1, 2012-2 and 2012-3.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baton Rouge Primary Care Collaborative, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These instances are reported as findings 2012-1, 2012-2, and 2012-3.

We noted certain matters that we reported to management of Baton Rouge Primary Care Collaborative, Inc. in a separate letter dated January 11, 2013.

Baton Rouge Primary Care Collaborative, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Baton Rouge Primary Care Collaborative, Inc.'s responses and, accordingly, we express no opinion on them.

This report is intended for the information of the Board of Directors, management, the Louisiana Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigreport & Brian APAC

Baton Rouge, Louisiana
January 11, 2013

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Baton Rouge Primary Care Collaborative, Inc.
Baton Rouge, Louisiana

Compliance

We have audited the compliance of Baton Rouge Primary Care Collaborative, Inc. (a non-profit organization) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Baton Rouge Primary Care Collaborative, Inc.'s major federal programs for the year ended June 30, 2012. Baton Rouge Primary Care Collaborative, Inc.'s major federal programs are identified in the summary of auditors' reports section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Baton Rouge Primary Care Collaborative, Inc.'s management. Our responsibility is to express an opinion on Baton Rouge Primary Care Collaborative, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Baton Rouge Primary Care Collaborative, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Baton Rouge Primary Care Collaborative, Inc.'s compliance with those requirements.

As described in findings 2012-1, 2012-2, and 2012-3 in the accompanying schedule of findings and questioned costs, Baton Rouge Primary Care Collaborative did not comply with requirements regarding allowable costs/cost principles and program income that are applicable to its Health Care for the Homeless and Consolidated Health Centers program. Compliance with such requirements is necessary, in our opinion, for Baton Rouge Primary Care Collaborative, Inc. to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Baton Rouge Primary Care Collaborative, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Baton Rouge Primary Care Collaborative, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Baton Rouge Primary Care Collaborative, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be material weaknesses, as defined above, and are reported as findings 2012-1, 2012-2, and 2012-3.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies, as defined above.

Baton Rouge Primary Care Collaborative, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Baton Rouge Primary Care Collaborative, Inc.'s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigrepont & Brian apac

Baton Rouge, Louisiana
January 11, 2013

**BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

We have audited the financial statements of Baton Rouge Primary Care Collaborative, Inc., as of June 30, 2012, and for the year then ended, and have issued our report thereon dated January 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133. Our audit of the financial statements as of June 30, 2012 resulted in an unqualified opinion.

Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Significant Deficiencies ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

b. Federal Awards

Internal Control

Material Weaknesses ☒ Yes ☐ No Significant Deficiencies ☐ Yes ☒ No

Type of Opinion On Compliance For Major Programs ☐ Unqualified ☒ Qualified ☐ Disclaimer ☐ Adverse

Are their findings required to be reported in accordance with Circular A-133, Section 510(a) ☒ Yes ☐ No

Was a management letter issued? ☐ Yes ☒ No

c. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
93.224	Community Health Centers

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☒ No

Findings – Financial Statement Audit

Finding 2012-1 Support for Cash Disbursements – Allowable Costs/Cost Principles

Observation:

During our test of grant expenditures there were difficulties in locating supporting documentation for several expenditures selected for testing. For three of the expenditures selected for testing supporting documentation could not be located. Due to difficulties in locating invoices and lack of supporting documentation being maintained we encountered complications in verifying allowable costs under OMB Circular A-87.

Recommendations:

We suggest management maintain an original vendor invoice or other supporting documentation for all expenditures made and that these invoices be kept in a manner that are easily accessible upon government or contract auditor request.

Management's Response:

Management concurs with this finding. The transition of management and financial staff during the course of the fiscal year impacted the consistency of procedures followed for record filing and retention. Since February of 2012 the organization has maintained stability in key personnel and management. Organizational and financial policies have been implemented by management to ensure all vital records and supporting documentation is maintained in a secure and organized manner. Management considers this issue resolved.

Finding 2012-2 Sliding Fee Discount Program – Program Income

Observation:

Under the terms of the grant with the Health Resources and Services Administration (HRSA) of the Department of Health and Human Services the health center is to provide discounts based on the patient's ability to pay that is tied to the federal poverty guidelines. During our test of private pay patients we noticed a lack of documentation to support the level of discount given, as well as, errors in the formula used to calculate the discount.

Recommendations:

We suggest that management maintain appropriate documentation to support the level of discounts given based on the federal poverty guidelines. We also recommend that management research the cause of the error used to calculate the discount and make the necessary corrections.

Management's Response:

Management concurs with this finding. In February 2012 a new CEO was hired and implemented procedures to document the level of discounts given which include the use of a patient questionnaire in conjunction with income documentation. The error in the formula used to calculate the discount has been corrected so that proper discounts are being calculated. Management considers this issue resolved.

Finding 2012-3 Patient Billings – Program Income

Observation:

Under the terms of the grant with the Health Resources and Services Administration (HRSA) of the Department of Health and Human Services the health center is required to collect or make reasonable efforts to collect reimbursement for the costs of providing health services to those eligible for medical assistance under Medicaid, Medicare or any other public or private insurance program. During our audit we noted that for part of the year reimbursement for the costs of providing health services were denied due to incomplete or inadequate billing documentation.

Recommendations:

We suggest that management implement procedures to adequately collect patient billing information at the time of the visit and maintain this documentation in a manner sufficient to support the amounts being billed. We also suggest that management appoint someone with suitable skill to review medical billings for appropriate and complete documentation before being submitted for reimbursement.

Management's Response

Management concurs with this finding. In February 2012 a new CEO was hired and implemented procedures to capture and maintain the necessary patient information to support the amounts being billed. Management has appointed someone to review billing documentation before it is submitted for reimbursement. Management considers this issue resolved.

Questioned Costs

There are no questioned costs for the year ended June 30, 2012.

**BATON ROUGE PRIMARY CARE COLLABORATIVE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Prior Year Audit Findings

2011-1 Segregation of Duties/Financial Oversight

Status: Management has outsourced the accounting function to an accounting firm to enhance segregation of duties and provide financial oversight, as well as, prepare monthly financial statements for management and board review. This finding is considered resolved.

2011-2 Accounting Overview/Financial Statement Preparation

Status: Management has outsourced performing monthly account reconciliations and financial statement preparation to an accounting firm. This finding is considered resolved.

2011-3 Support for Cash Disbursements

Status: This finding has been reclassified as part of finding 2012-1

2011-4 Client Eligibility

Status: This finding has been reclassified as part of finding 2012-2

2011-5 Procedures and Documentation for Patient Billings

Status: This finding has been reclassified as part of finding 2012-3

Questioned Costs

There are no questioned costs for the year ended June 30, 2011.